

1 STEPHEN H. SUTRO (SBN 172168)  
2 TERRANCE J. EVANS (SBN 227671)  
3 **DUANE MORRIS LLP**  
4 One Market, Spear Tower, Ste 2000  
5 San Francisco, CA 94105  
Tel: 415-957-3000  
Fax: 415-957-3001  
shsutro@duanemorris.com  
tjevansvans@duanemorris.com

6 Attorneys for Plaintiff  
7 Lingualinx Language Solutions, Inc.  
8  
9

10 **UNITED STATES DISTRICT COURT**  
**NORTHERN DISTRICT OF CALIFORNIA**

11 LINGUALINX LANGUAGE ) Case No. CV-07-5575  
12 SOLUTIONS, INC. a New York )  
13 Corporation, ) **JOINT CASE MANAGEMENT**  
14 Plaintiff, ) **STATEMENT AND RULE 26(f)**  
15 ) **REPORT**  
16 v. )  
17 ADRIENNE PARDINI, an )  
18 individual, and LOQMAN )  
19 TRANSLATIONS, a division of )  
LOQMAN COMMUNICATIONS )  
GROUP, LLC, )  
20 )  
21 Defendants. )  
22 )

23 **TO THE COURT:**

24 Consistent with the Order of the Honorable Maxine M. Chesney, U.S.D.J., the  
25 parties hereby submit their Joint Case Management Statement and Report pursuant to  
26 Rule 26(f).  
27  
28

1                   **JOINT CASE MANAGEMENT STATEMENT**

2                   **1. Jurisdiction and Service**

3                   The Court has jurisdiction over this matter pursuant to 28 U.S.C. § 1332, in  
4  
5                   that this is a civil action between citizens of different states, and the amount in  
6                   controversy exceeds \$75,000, exclusive of interest and cost. The Court also has  
7                   diversity jurisdiction over Defendant Loqman Communications Group, LLC's  
8  
9                   counterclaim. All parties have been served.

10                  **2. Facts**

11                  Plaintiff LinguaLinx Language Solutions, Inc. ("LinguaLinx") alleges that it is  
12                  engaged in the business of, among other things, translations services. Defendant  
13                  Adrienne Pardini ("Pardini") was previously employed by LinguaLinx. She left  
14                  LinguaLinx's employment to become employed or otherwise affiliated with  
15                  Defendant Loqman Communications Group, LLC ("Loqman"), which is another  
16                  translation services company, and a competitor of LinguaLinx.

17                  LinguaLinx hired Pardini on October 16, 2006, as a Vendor Manager, and  
18                  thereafter, entered into a Confidentiality and Non-Compete Agreement (the  
19                  "Confidentiality Agreement"), by which Pardini, agreed, among other things, to not  
20                  use, except for the benefit of LinguaLinx, LinguaLinx's confidential and proprietary  
21                  information. Additionally, LinguaLinx alleges that at the time of her employment  
22                  information. Additionally, LinguaLinx alleges that at the time of her employment  
23                  information. Additionally, LinguaLinx alleges that at the time of her employment  
24                  information. Additionally, LinguaLinx alleges that at the time of her employment  
25                  information. Additionally, LinguaLinx alleges that at the time of her employment  
26                  information. Additionally, LinguaLinx alleges that at the time of her employment  
27                  information. Additionally, LinguaLinx alleges that at the time of her employment  
28                  information.

1 with LinguaLinx, Pardini was provided—and agreed to be bound by—LinguaLinx's  
2 Employee Handbook, which set forth, *inter alia*, Pardini's duty to protect  
3 LinguaLinx's Proprietary and Confidential information from disclosure.  
4

5 As a Vendor Manager, Pardini worked primarily in LinguaLinx's main office  
6 located in Schenectady, New York. Her primary duty was to secure vendor  
7 relationships for LinguaLinx. LinguaLinx alleges that in early 2007, Pardini was  
8 transferred to the sales department of LinguaLinx, where her duties included  
9 soliciting and receiving orders and securing clients for, *inter alia*, LinguaLinx's  
10 translation. LinguaLinx further alleges that as part of Pardini's employment with  
11 LinguaLinx, Pardini had access to certain proprietary and confidential information of  
12 LinguaLinx, including trade secrets, business models, client lists, marketing plan and  
13 sales strategies.  
14

15 In 2007, following discussions between Pardini and LinguaLinx, LinguaLinx  
16 opened a San Francisco office, and Pardini, a native of California, moved to San  
17 Francisco to both manage and operate the new office on behalf of LinguaLinx.  
18 LinguaLinx alleges, however, that despite Pardini's obligations to it, she failed to  
19 dedicate her full efforts to LinguaLinx's San Francisco office. Rather, LinguaLinx  
20 alleges that in and before October 2007, Pardini, began secretly planning with  
21 Loqman to divert LinguaLinx customers to Loqman, and eventually make a lateral  
22 employment move to Loqman. In pursuit of this plan, LinguaLinx alleges that: (1)  
23  
24  
25  
26  
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28

1 Pardini forwarded information regarding a number of potential business development  
2 opportunities from LinguaLinx to Loqman; (2) Pardini invited and met with  
3 representatives of Loqman at LinguaLinx's San Francisco office for the purpose of  
4 divesting business and information from LinguaLinx to Loqman; (3) Loqman set up  
5 an email account for Pardini to enable Pardini to appear as an employee of Loqman;  
6 (4) Pardini downloaded and electronically forwarded to herself copies of  
7 LinguaLinx's confidential and proprietary client list; and (5) Pardini committed other  
8 similar acts to misappropriate LinguaLinx's confidential and proprietary information.  
9 In addition, LinguaLinx alleges that Pardini misappropriated and failed to return  
10 certain property of LinguaLinx, specifically, a promotional display utilized by  
11 LinguaLinx in marketing to perspective clients; and a LinguaLinx cellular phone.  
12

13 Upon discovery of the scheme as alleged above, LinguaLinx filed the present  
14 lawsuit seeking injunctive and other relief against Pardini and Loqman based upon  
15 the following causes of action (*viz.*): (i) Breach Of Contract; (ii) Misappropriation Of  
16 Trade Secrets (Cal. Civ. Code §3426 Et Seq.); (iii) Breach Of Duty Of Loyalty And  
17 Fiduciary Duty; Unfair Competition (Bus. & Prof. Code § 17200); (iv) Interference  
18 With Contractual Relations; (vi) Interference With Actual/ Prospective Business  
19 Relations; (vi) Conspiracy; and (vii) Conversion.  
20

21 Pardini has yet to answer the Complaint, as the parties have been negotiating a  
22 settlement, which they believe will be consummated within the next few days.  
23

1 Loqman has answered the Complaint, denying all allegations of wrongdoing, and has  
2 interposed against LinguaLinx a counterclaim. In its counterclaim, Loqman alleges  
3 that the information claimed to be confidential and proprietary by LinguaLinx is not  
4 subject to protection because it was misappropriated by LinguaLinx's owner and  
5 president, David Smith. Accordingly, Loqman claim that LinguaLinx is liable to it  
6 under two separate theories, *viz.*: (1) Interference with Prospective Relations and  
7 Unfair; and (2) Unfair Business Practices.  
8

9

10       **3. Legal Issues**

11       The major legal issues involve:  
12

13              (1) Whether LinguaLinx is entitled to an injunction against Defendants under  
14       the California Uniform Trade Secrets Act ("CUTSA"), Cal. Civ. Code §§ 3426, *et*  
15       *seq.* *See Morlife, Inc. v. Perry*, 56 Cal. App.4<sup>th</sup> 1514, 1519, 66 Val. Rptr.2d 731 (1<sup>st</sup>  
16       Dist. 1997), and cases cited therein.  
17

18              (2) Whether LinguaLinx is entitled to enforcement of its Confidentiality  
19       and Non-Compete Agreement and Employee Handbook. *See John F. Matall &*  
20       *Assoc. v. Cloutier*, 194 Cal. App.3d 1049 (1987); *MAI Systems Corp. v. Peak*  
21       *Computers, Inc.*, 991 F.2d 511 (9<sup>th</sup> Cir. 1993); *Micromanipulator v. Bough*, 779 F.2d  
22       255 (5<sup>th</sup> Cir. 1985).  
23

(3) Whether LinguaLinx is entitled to protection of its confidential customer lists. CUTSA, *Merrill Lynch v. Chung*, 127 F.Supp.2d 1305 (C.D. Cal. 2000); *Morlife, supra*, *MAI Systems Corp., supra*.

(4) Whether Defendants engaged in unfair competition. California Business & Professional Code, §§17200, *et seq.*

(5) Whether LinguaLinx's conduct as alleged in Loqman's counterclaims constitutes an "independently wrongful act" for purposes of Loqman's claim for tortious interference with prospective economic relations. *Korea Supply Co. v. Lockheed Martin Corp.* 29 Cal.4th 1134, 1153-1154 (2003); *CRST Van Expedited, Inc. v. Werner Enterprises, Inc.*, 479 F.3d 1099 (9th Cir. 2007); *Computer Economics, Inc. v. Gartner Group, Inc.*, 50 F.Supp.2d 980 (S.D.Cal.1999).

## 4. Motions

There are no motions currently pending, , nor are any contemplated at this time. However, the parties anticipate filing of dispositive motions at the completion of discovery, should a settlement not be reached. A motion for an injunction may also be filed.

## **5. Amendment of Pleadings**

1       The parties do not currently anticipate that parties, claims or defenses are to be  
2 added or dismissed at the present time. The parties propose that any request to  
3 amend the pleadings be filed no later than 60 days prior to the time of trial, absent  
4 exceptional circumstances.

5

6       **6. Evidence Preservation**

7

8       The parties represent to each other that reasonable steps have been taken to  
9 preserve evidence relevant to the issues reasonably evident in this action.

10

11       **7. Disclosures**

12

13       In light of the impending settlement agreements being circulated, the parties  
14 propose that Initial Disclosures be made within 30 days.

15

16       **8. Discovery**

17

18       No discovery has been taken to date. If this case does not settle, the parties  
19 will engage in written discovery, and will abide by the scope and limitations  
20 contained in the Federal Rules of Civil Procedure. See also the "Report on Rule  
21 26(f) Conference" contained herein at the end of the Joint Case Management  
22 Statement. The parties propose the following deadlines:

- 23
- 24
- 25       •     Discovery Cut-off on June 6, 2008
- 26
- 27       •     Expert Disclosures by June 27, 2008. :
- 28

- 1     •     Expert Depositions to be completed by July 25, 2008
- 2     •     Dispositive Motion Cut-off to be filed by August 25, 2008
- 3     •     Final Pre-Trial Conference: September \_\_\_, 2008
- 4     •     Jury or Court Trial: October \_\_\_, 2008
- 5
- 6

7           **9. Class Action**

8           Not applicable.

10          **10. Related Cases**

12          None.

14          **11. Relief**

15          LinguaLinx seeks a temporary, preliminary and permanent injunctive relief,  
16 together with damages for all violations and breaches of LinguaLinx's rights,  
17 exemplary and/or punitive damages based thereon, disgorgement, payment of  
18 LinguaLinx's attorneys' fees, in amounts yet to be determined. Damages shall be  
19 calculated as allowed by law, including compensation for loss of business, loss of  
20 good will, loss of prospective customers, loss of customer, loss of money invested to  
21 create the San Francisco office, and loss of the value paid to Pardini as salary.  
22

23 LinguaLinx also seeks either a return of its cellular telephone and promotional  
24 display or compensation for its conversion. Loqman seeks damages in a yet  
25 undetermined amount on their causes of action based upon alleged interference with  
26

1 prospective economic relations and unfair business practices. Loqman's damages  
2 will be calculated on the basis that it allegedly lost the opportunity to conduct  
3 business with customers improperly claimed by LinguaLinx to be trade secrets.  
4

5       **12. Settlement and ADR**

6

7 LinguaLinx and defendant Loqman have entered into a settlement agreement,  
8 for which a condition precedent is an execution of a written settlement agreement  
9 between LinguaLinx and defendant Pardini. The parties believe that the matters will  
10 be resolved in the next few days, as draft settlement agreements have been circulated  
11 between LinguaLinx and Pardini. The parties have chosen the court's mediation  
12 program, and have had an initial conference with the mediator. However, in light of  
13 anticipated settlement, the parties have not yet scheduled a mediation.  
14

15

16       **13. Consent to Magistrate Judge For All Purposes**

17

18 At the present time, the parties have not agreed to have a magistrate judge  
19 conduct further proceedings. If settlement does not go through, the parties will again  
20 address whether they will consent to have all further proceedings conducted by a  
21 magistrate judge.  
22

23

24       **14. Other References**

25

26 The case is not suitable for binding arbitration, a special master nor the MDL  
27 Panel.  
28

1           **15. Narrowing of Issues**

2  
3       Except for authentication of documents, issues will not likely be narrowed by  
4 stipulation.

5           **16. Expedited Schedule**

6  
7       Realistic deadlines have been set forth in section 8 above.

8  
9           **17. Scheduling**

10          See section 8 above.

11  
12          **18. Trial**

13          A demand for a jury trial has been perfected by Plaintiff. The case is expected  
14 to conclude after five trial days, if a settlement cannot be finalized.

15  
16          **19. Disclosure of Non-party Interest Entities or Persons.**

17  
18          Defendant Loqman filed its Certification on November 7, 2007. The contents  
19 of that certification are as follows:

20  
21          Pursuant to Civil L.R. 3-16, the undersigned certifies that the following listed  
22 persons, associations of persons, firms, partnerships, corporations (including  
23 parent corporations) or other entities (i) have a financial interest in the subject  
24 matter in controversy or in a party to the proceeding, or (ii) have a non-  
financial interest in that subject matter or in a party that could be substantially  
affected by the outcome of this proceeding:

- 25  
26                   (1) Natalie Mann  
27                   (2) Tarek Dachraoui

1 Disclosure of Non-Party interest is not applicable in this case, as no non-interest  
2 party, entity or person has either (a) a financial interest in the subject matter in  
3 controversy or in a party to the proceeding; or (b) any other kind of interest that  
4 could be substantially affected by the outcome of the proceeding.

5

## 6 REPORT ON RULE 26(f) CONFERENCE

7

8           **(A) What changes should be made in the timing, form, or requirement**  
9           **for disclosures under Rule 26(a), including a statement of when initial**  
10          **disclosure were made or will be made.**

11          The Parties propose that Rule 26(a) disclosures be made two-weeks following  
12 any declaration of an impasse for settlement. No changes to the timing, form or  
13 requirement are suggested at this time.

14

15           **(B) the subjects on which discovery may be needed, when discovery**  
16           **should be completed, and whether discovery should be conducted in phases or**  
17           **limited to or focused on particular issues.**

18          Discovery will be needed in regard to the issues identified in paragraph 3  
19 above, and factual discovery should be completed within the scheduled described in  
20 paragraph 8. There is no need for discovery to be conducted in phases or to focus  
21 first on a particular issue.

22

23           **(C) any issues about disclosure or discovery of electronically stored**  
24           **information, including the forms or forms in which it should be produced.**

25          The parties do not suggest any deviation from the Federal Rules of Civil  
26 Procedure.

27           **(D) any issues about claims of privilege or of protection as trial-**  
28           **preparation materials, including – if the parties agree on a procedure to assert**

1 these claims after production – whether to ask the court to include their  
 2 agreement in an order;

3 A protective order has been entered in this case which deals with these issues.

4           **(E) what changes should be made in the limitations on discovery**  
 5 **imposed under these rules or by local rule, and what other limitations should be**  
 6 **imposed; and**

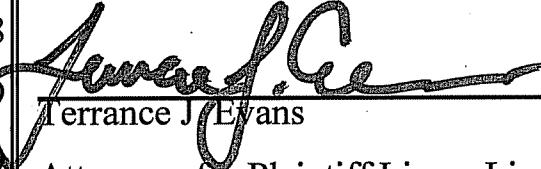
7           None.

8           **(F) any other orders than the court should issue under Rule 26(c) or**  
 9 **under Rule 16(b) and (c).**

10          A protective order has been entered in this case which deals with these issues.

11         However, if settlement cannot be reached, Defendant Loqman requests the court to  
 12 require that Plaintiff, prior to and as a precondition to initiating discovery, identify  
 13 (subject to the provisions of the protective order) the customers it is seeking to  
 14 protect as trade secrets. *Computer Economics, Inc. v. Gartner Group, Inc.*, 50  
 15 F.Supp.2d 980 (S.D.Cal.1999).

17          DUANE MORRIS LLP

18   
 19 Terrance J. Evans

20 Attorneys for Plaintiff LinguaLinx  
 21 Language Solutions, Inc.

SOMMERS LAW GROUP

Stephen A. Sommers

Attorneys for Defendant Adrienne  
 Pardini

22          LAW OFFICES OF FELIPE PARKER

24          Felipe Parker

25          Attorneys for Loqman Translations, a division  
 26 of Loqman Communications Group, LLC

these claims after production – whether to ask the court to include their agreement in an order;

A protective order has been entered in this case which deals with these issues.

(E) what changes should be made in the limitations on discovery imposed under these rules or by local rule, and what other limitations should be imposed; and

None.

(F) any other orders than the court should issue under Rule 26(c) or under Rule 16(b) and (c).

A protective order has been entered in this case which deals with these issues.

However, if settlement cannot be reached, Defendant Loqman requests the court to require that Plaintiff, prior to and as a precondition to initiating discovery, identify (subject to the provisions of the protective order) the customers it is seeking to protect as trade secrets. *Computer Economics, Inc. v. Gartner Group, Inc.*, 50 F.Supp.2d 980 (S.D.Cal.1999).

DUANE MORRIS LLP

SOMMERS LAW GROUP

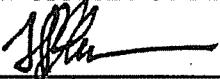
Terrance J. Evans

Stephen A. Sommers

Attorneys for Plaintiff LinguaLinx  
Language Solutions, Inc.

Attorneys for Defendant Adrienne  
Pardini

LAW OFFICES OF FELIPE PARKER

  
Felipe Parker

Attorneys for Loqman Translations, a division  
of Loqman Communications Group, LLC

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**JOINT CASE MANAGEMENT STATEMENT AND RULE 26(f) REPORT**  
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